SEE FOLLOWING NOTE

PARTS OF THE ORIGINAL DOCUMENT

ARE OF POOR REPRODUCTIVE QUALITY

CERTAINES PARTIES DU DOCUMENT ORIGINAL

SONT DE PIÈTRE QUALITÉ DE REPRODUCTION

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GARMENT MANUFACTURING PLANT
LOCATION STUDY

October 1987

Report to the Tracadie - Alnwick Committee

by

MARCON Management Consultants
Conseillers en administration

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CONSEILLERS EN ADMINISTRATION

MARKETING RESEARCH AND CONSULTING • RECHERCHE ET CONSULTATION EN MARKETING

October 30, 1987

Ms. Ginette Ouellette
Chairperson,
Tracadie - Alnwick Committee
Department of Commerce and Technology
P.O. Box 6000
Fredericton, New Brunswick
E3B 5H1

Dear Ms. Ouellette:

We are pleased to present herein our final report to the Tracadie - Alnwick Committee on the Garment Plant Location Study.

As a final summary on this initiative by the Committee, there exist very positive conditions in the garment manufacturing industry for attracting apparel manufacturing activity to New Brunswick and to the Tracadie - Alnwick area.

We would encourage the Committee and the Department of Commerce and Technology to carry on with these efforts to communicate the benefits of a New Brunswick location to experienced garment manufacturers.

We thank the Committee for having the opportunity to assist with this project. We will be in contact with the Montreal-based garment manufacturers that expressed an interest in our Tracadie-Alnwick presentation and will assist in whatever way possible with their learning about locating plants in the Province and in the Tracadie - Alnwick area.

Yours very truly,

Ian H. Moodie
President

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GARMENT MANUFACTURING PLANT LOCATION STUDY

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TRACADIE - ALNWICK

GARMENT MANUFACTURING PLANT LOCATION STUDY

EXECUTIVE SUMMARY

A. INTRODUCTION, OBJECTIVES AND WORK PLAN

- An increase in the level of manufacturing activity and shortages of qualified labour in the Montreal-based garment industry led to this initiative, to attract garment manufacturing plants to the Tracadie - Alnwick area of New Brunswick.

- The study's work plan called for the preparation of an Information Memorandum which presents the economic and labour profile of the area and the services that would be required by a prospective garment manufacturer.

- Presentations on a Tracadie - Alnwick location for garment plants were made to 32 organizations, including 5 industry associations, consultants, and accountants, and 27 apparel manufacturers.

- We have made recommendations regarding attracting these plants to New Brunswick and to the Tracadie - Alnwick area. As well, we have outlined a plan for setting up a garment manufacturing contractor plant on the Peninsula.

B. GENERAL FINDINGS RE GARMENT MANUFACTURING

- Of the total labour content in a typical garment, 85% is in the sewing activities, 15% in the cutting area. Significant productivity improvements have been made in cutting activities in recent years, some but fewer improvements have been made in the sewing activities.

- The use of garment manufacturing contractors will continue to grow in response to the need to control sewing labour costs. There is a shortage of these independently-owned and operated specialized sewing contractors in Montreal and this shortage is likely to increase.

- There is a high degree of fragmentation in the industry, most companies are single owner-operated companies in the fashion-orientated ladies garment segment of the industry. There has traditionally been little long range planning in the industry.

- The last decade has seen a maturing of the industry, leading to increased domestic manufacturing activity and much greater investments in specialized equipment and productivity improvement.

- Free trade with U.S. will force some adjustment but not major upheavals as the Montreal industry has become increasingly specialized over the last decade. Most manufacturers are now able to compete in the U.S. at least at existing foreign exchange rates; indeed, many have developed an attractive business in the U.S. market in recent years.

C. RESPONSES TO GARMENT MANUFACTURERS SURVEY

- The decision of a garment manufacturer to expand and re-locate plants is made relatively infrequently after considerable review and evaluation. We targeted our presentations to manufacturers of simpler garments, to younger owners, to stable companies looking for new opportunities, and to manufacturers with their own plants.

- Four manufacturers expressed strong interest in a New Brunswick plant location and are considering our suggestion to visit the Tracadie-Alnwick area. These four will be re-contacted in November at which time we hope to have one of the manufacturers visit the area. These four manufacturers are:

-Ballin Inc.
-Louben Sportswear Inc.
-Continental Shirt Company Inc.
-Creations Portofino Inc.

- Another 3 manufacturers will consider a Tracadie - Alnwick location in planning their manufacturing capacity requirements over the next year.

- There was a strong interest from other respondents for finding New Brunswick-based sewing contractors capable of handling their production work given the shortage of these contractors in Montreal.

D. CONCLUSIONS AND RECOMMENDATIONS

Conclusions:

1. Our recommendations are based on the assumption that policy makers in the Province consider garment plants as an attractive source of employment for New Brunswick. We believe that these plants will remain significant of employment generators in Eastern Canada over the longer term. They will, however, always be highly preoccupied with lowering labour costs, in order to remain competitive against both domestic and foreign competition. They will not be in a position to offer high levels of fringe benefits and will seek out locations where they can establish non-union plants.

2. Given the increases in domestic manufacturing planned by the industry and the shortage of qualified sewing labour, it is opportune time to promote New Brunswick garment plant locations.

3. New Brunswick was perceived favourably as a location for garment plants by the vast majority of the manufacturers we contacted during the survey work. There is, however, a lack of awareness of, and knowledge about the availability of plant location opportunities in the Province.

4. Manufacturers generally are not looking for substantial grants or other financial incentives to locate in New Brunswick. A quality workforce, non-union plants, and competitive wage levels remain the most important criteria for considering a New Brunswick location.

Recommendations to Commerce and Technology

1. We recommend that the Province undertake a program to increase the industry's awareness in New Brunswick as a location for garment plants through an active promotional program which should include:

    -brochure outlining benefits of New Brunswick location
    -direct mailing to manufacturers
    -presentations to industry trade associations
    -trade magazines advertising
    -participate in trade shows
    -telephone information service

2. Evaluate the feasibility of New Brunswick plant locations for U.S. manufacturers, for what are termed "807" operations. This U.S. custom regulation allows U.S.-based manufacturers to carry out sewing operations outside the U.S. and pay duty only on the value added in these operations when the finished garments are imported into the U.S.

3. The Province should expand its training capability for sewing machine operators. It should develop a program for the of supervisory personnel for these factories. There is a significant shortage of qualified supervisory staff for garment manufacturing.

Recommendations regarding attracting plants to Tracadie - Alnwick

1. It is essential that the present commercial air service from Montreal to Chatham be maintained. The Economic Expansion Commission of the Peninsula, i.e. the Industrial Commissioner should work with existing carriers to ensure the daily service from Montreal is available. Indeed, expanded air services to Tracadie would be viewed favourably given a Montreal-based manufacturer's need to move management people back and forth to a factory located on the Peninsula. The ease of this transportation of management people is often

viewed as being more important than moving garments and fabrics in and out of the factory as services for the latter are readily avialable.

2. There is need for an inventory of the skill and interest of sewing operators willing to work in garment factories in the Tracadie - Alnwick area in order to clearly demonstrate the ready availability of this labour pool.

3. The Industrial Commission for the Peninsula should develop a directory of truckers willing to serve manufacturers in Montreal. At the outset, the Commission should act as a coordinator of transportation services so that garment manufacturers can pool shipments with the existing freight traffic moving back and forth to Montreal.

4. The Commission should develop a listing of buildings available as suitable locations for garment manufacturing plants.

Recommendations regarding Phase 2 of this Initiative

1. Another 15 presentations to garment manufacturers would complete our listing of manufacturers that could be interested in a New Brunswick location.

2. Follow - on work should be carried out with the existing prospects. This would include secondary presentations, responding to specific questions and arranging trips to Tracadie for an initial review of the area.

3. Given the high interest in finding capable sewing contractors, there is an opportunity to establish a contractor operation in Tracadie - Alnwick through:

   -Identify potential local investors,
   -Recruit a production supervisor,
   -Assemble basic information on the capital investments and costs required to set up a small plant, and
   -Pursue planning with a Montreal contact that would act as the liaison between the Tracadie - Alnwick plant and the manufacturing industry in Montreal.

SECTION A: INTRODUCTION, OBJECTIVES AND WORK PLAN OF THE STUDY

A.1 INTRODUCTION

In early 1987, the Department of Commerce and Technology of New Brunswick, the Department of Regional Economic Expansion of Canada and the Economic Expansion Commission of the Acadian Peninsula established a Committee for the purpose of identifying and assisting in the development of economic benefits for the Tracadie - Alnwick area. This initiative was undertaken following the approaches made by the Department of National Defense of Canada to the municipalities and local parishes in the Tracadie - Alnwick area regarding the proposed expansion of the Tracadie military range.

In the Spring of 1987, this Tracadie - Alnwick Committee was approached with a project whose objective was to attract an apparel manufacturing plant to this region of the Acadian Peninsula. The rationale underlying the project was that there were indications in the Montreal-based apparel manufacturing industry of an increase in apparel manufacturing activity. This increase followed several decades during which the most important trend evident in the manufacturing industry in Canada was a decline in domestic manufacturing in favour of importing from the very low wage cost Asian countries. In the last several

years, the major buyers and importers had increasingly come to the realization that importing carries with it significant costs and risks. These included very long lead times, substantial order size commitments, a lack of flexibility in terms of changing sizing, labelling, colours, minor styling variations in response to short term fashion changes, and the administrative problems and costs of dealing with the import quotas. As well, changes in the structure at the retail level have lead to a greater fragmentation amongst the buyers and the apparel purchased which has made it more difficult to purchase large quantities in the orient.

This increase in manufacturing activity has led to growth in the demand for sewing machine operators in the Montreal area. The supply of these operators was already constrained in part by the lower level of immigration into Canada and into the Province of Quebec in the last decade. Accordingly, these industry and employment trends led us to believe that the Montreal-based manufacturers would respond positively to efforts to attract garment manufacturing plants to New Brunswick and specifically to the Tracadie - Alnwick area of the Acadian Peninsula where there exists a readily available labour pool suitable for working in garment manufacturing plants.

A.2 OBJECTIVES OF THE STUDY

In July of 1987, Marcon Management Consultants was engaged by the Government of New Brunswick through the Department of Commerce and Technology and by the Government of Canada through its Atlantic Canada Opportunities Agency. The specific objectives of the survey were firstly, to present to Montreal garment manufacturers the benefits of situating an apparel manufacturing plant in the Tracadie-Alnwick area and to attempt to attract manufacturers to locate a plant in this region of New Brunswick. Secondly, the study was to make recommendations to the Steering Committee for ongoing efforts to attract these manufacturers.

A.3 STUDY WORK PLAN

The project was conducted in three steps, as briefly described following.

1. Economic Profile of the Region and Preparation of Information Memorandum. At the outset of the study, we spent three days in Fredericton and in the Tracadie area, assembling the information requirements to be used in the preparation of an Information Memorandum. This Memorandum was distributed to the apparel manufacturers contacted in the survey and presented a brief economic profile of the region, the available work force and its skills, prevailing wage rates and fringe benefits, transportation

TABLE 1

LISTING OF GARMENT MANUFACTURER SURVEY RESPONDENTS

Company	Activity
Consultants and Accountants	
1. Richter Usher Vineberg	Chartered Accountants
2. KOBA/Appell and Partners	Chartered Accountants
3. Kurt Salmon Associates Canada Inc.	Consutants in apparel manufacturing
4. GSA Management	Consultant
5. Apparel Manufacturers Institute of Quebec	Industry association
Apparel Manufacturers	**Product Manufactured**
6. Triton Industries Inc.	Shirts and sportswear
7. The Algo Group Inc.	Dresses and sportswear
8. Algo Industries Inc.	Division of The Algo Group
9. Katescorp Inc.	Ladies' sportswear
10. Irving Samuel	High priced ladies' clothing
11. Marcel Pino Furs	Fur coats and outerwear
12. Deco-lin	Sheets, linens, bedspreads
13. Frontenac Industries	Drapery, upholstery and other decorative materials
14. Dales Canada Inc.	Ladies' and men' sportswear
15. Shasper Inc.	Ladies' dresses and sportswear
16. Robin International Inc.	Childrens and ladies'
17. Le Chateau Stores	Retailer-manufacturer of junior and ladieswear
18. Dallards	Retailer-manufacturer of ladies' apparel
19. Levi-Strauss, The Great Northern Apparel Company	Men's and ladies' jeans
20. Howick Apparel Limited	Men's and ladies' jeans
21. Ballin Inc.	Men's pants
22. Daimor Inc.	Men's pants
23. Majestic Industries Limited	Menswear
24. Les Industries de Chemises Modernes Limitee	Mens'and ladies'shirts and sportswear
25. Continental Shirt Inc.	Uniform shirts
26. Texport Trading Canada	Ladies'clothing and sportswear
27. Stacey Lynn	Dresses and sportswear
28. Louben Sportswear Inc.	Ladies' sportswear
29. The Pantel Group	Dresses
30. Actifusion Inc.	Ladies' sportswear
31. Creations Portofino Inc.	Contractor of sportswear
32. RGR Industries Inc.	Contractor of sportswear

services, sites for manufacturing facilities, and government assistance available. In total, 45 copies of the Memorandum were distributed to apparel manufacturers and related parties during the course of our survey work: a copy of it is presented in Appendix 1 to this report.

2. Survey of Garment Manufacturers. In August and September of 1987, we made presentations to 32 apparel manufacturers and related organizations. In Table 1 set out opposite, we have listed these 32 organizations and the apparel products manufactured by each company. In Appendix 2, we have presented a detailed listing of these contacts, the individual in each company that we contacted and the addresses of the companies.

As described in the following section of this report, the structure of the apparel manufacturing industry based in Montreal has several important characteristics. One of these is that these companies are generally privately held and operate in a relatively self-contained community. For this reason, we contacted four accounting and consulting firms that are well known in the garment industry. These professional firms in turn made clients aware of this initiative. This approach enabled us to broaden significantly the number of manufacturers made aware of the project.

We also made a formal presentation to the Apparel Manufacturers Institute of Quebec. We have had follow-up correspondence and telephone conversations with the Executive Director of this trade association regarding the Institute's publishing in its regular bulletin an article on plant locations in the Tracadie - Alnwick area. The Board of Directors of the Institute are considering our request and will respond in October.

Of the total of 32 presentations, 17 of these were made in person and the remaining 15 presentations were made by telephone. We attempted to see all these manufacturers personally; in some cases, it was only possible to have the discussion by telephone. The telephone presentations were followed up by a letter and the forwarding of the Information Memorandum. A copy of the correspondence relating to the presentations is set out in Appendix 3 to this report.

3. Conclusions and Recommendations. In this third step, we have formulated a number of recommendations for the Economic Expansion Commission of the Peninsula and for the Department of Commerce and Technology regarding attracting garment manufacturers to New Brunswick and to the Tracadie - Alnwick area.

We have presented the results of our presentations to apparel manufacturers in Sections B and C of this report. In Section B, we have presented several general characteristics on the garment manufacturing industry based in Montreal which have a bearing on attracting these manufacturers to New Brunswick. Section C contains the detailed results of our presentations to garment manufacturers. In Section D, we have set out our recommendations to the Tracadie - Alwnick Committee.

SECTION B: GENERAL FINDINGS REGARDING THE GARMENT INDUSTRY

Initially, we present a brief review of some of the more important characteristics of the garment manufacturing industry that will affect the decision to locate a manufacturing plant in New Brunswick.

B.1 GENERAL BACKGROUND TO GARMENT MANUFACTURING

Sewing and Cutting Activities

Garment manufacturing involves two major activities: firstly, the fabric is cut into the component pieces of the garment; these are termed the cutting operations. Secondly, these components are sewn together into the finished garment, or the sewing operations. Most garment factories are divided into separate cutting and sewing departments. To provide an indication of the job-creating characteristics of apparel manufacturing, the labour content in a garment represents approximately 35% of the manufacturers' selling price. Some 15% of the total labour is in the cutting activity and 85% is in the sewing area.

Many of the technological advances in apparel manufacturing have come through the use of computerized cutting techniques to reduce cutting labour and to improve the utilization of the fabric.

There have been some improvements in the productivity of sewing labour but these have not been as dramatic as the improvements in cutting. These sewing productivity improvements, be they in materials handling, sewing machines, or work methods require a higher degree of product specialization and of stability of product, styling and fabric. With some exceptions, this level of specialization is less common in the Canadian garment manufacturing industry as compared to the plants located in the Far East and in the U.S.

Use of Contractors in the Industry

One of the most common strategies used by manufacturers to control labour costs has been the transfer of sewing production to garment manufacturing contractors. These contractors are independently owned and usually owner-operated sewing plants that are frequently not unionized. The contractor normally provides the sewing, pressing, inspecting and packaging services at a fixed cost per garment.

The activities of the "original manufacturer" include the design and styling of the product line, the buying of the fabrics, the marketing and selling and the warehousing and shipping but excludes the labour intensive production. Also, the manufacturer

also undertakes the cutting activity as any mistakes made during the cutting of the fabric obviously cannot be repaired.

The four most important advantages of using a contractor is that the original manufacturer does not have to be preoccupied with selling a given quantity of a particular type of garment, just to keep a plant occupied. Secondly, as the contractor quotes a fixed price per garment for sewing, the manufacturer knows his costs before starting to sell and does not face the risk of relying on a manufacturing plant that cannot meet the planned level of manufacturing costs. Thirdly, because many of the contractors are not unionized, the contractor has the benefit of the greater flexibility of non-unionized operations to achieve the most efficient utilization from his work force. Finally, many of more capable production managers in the industry have been attracted to running their own contracting businesses.

The disadvantage of the use of contractor operations is that many of them are undercapitalized and unable or not willing to make the investments in methods and equipment to achieve the optimum level of productivity. The use of contracting plants, however, will increase and with time, some of the contractors will become more specialized and sophisticated operations.

EXHIBIT 1

GARMENT INDUSTRY CLASSIFIED ADVERTISEMENT

TAKEN FROM MONTREAL'S THE GAZETTE NEWSPAPER

There is a shortage of good contractors in the Montreal area at this time. As shown in the exhibit presented opposite, there are always from 5 to 10 advertisements in Montreal's Gazette newspaper for contractor manufacturing services. This would represent a small portion of the real demand for quality contractors sought for in the Montreal area. We are aware that two of the larger shirt contractors located in the Beauce region of Quebec have expanded significantly over the last two years and are still not able to accept new customers.

B.2 STRUCTURE OF THE GARMENT INDUSTRY

The apparel manufacturing industry is fragmented into a large number of predominantly privately-owned companies. Further, there is a high degree of specialization by category of garment, whether men's or ladies' garments, whether in pants, coats, dresses, shirts, sportswear, lingerie, clothing, socks and hosiery.

While there are some manufacturers with annual sales greater than $100 million, the typical garment manufacturing company size is more often in the range of $2 million to $25 million. We would estimate that in Montreal, there are 300 to 400 garment companies in this size range. These privately-owned companies are in most cases, family-run with one owner-operator. Most of these companies do not survive the transfer of leadership from one

generation to the next. This form of ownership tends to lead to a short term perspective on the part of the family shareholders of these businesses.

The very nature of the markets for apparel lead to fashion and constant change. Even in some of the more stable types of garments, a manufacturer's sales volume can easily vary plus or minus 30% from one selling season to the next as a result of changes in styling, competitive activity, import penetration, etc. Further, because the cost of entry into the industry is relatively low. All this leads to intense competition amongst manufacturers, particularly for the business of the more important buyers in the major department stores and specialty chains. This intense level of competition and the constantly changing markets leads the owners of these companies to be secretive and not very open when discussing their future planning.

The most significant impact of these apparel markets and of this form of ownership in that there has traditionally been very little long range planning in the industry. Most owner-managers tend to operate with as much flexibility as possible and are reluctant to commit themselves to significant investments in, for example, land and buildings for production facilities. It is only in the last several years that many of the prevailing attitudes have begun to

change and that there is increasing tendency for the industry's owners to make the investments required in capital equipment and in productivity improvements necessary for the longer term success of the industry.

As evidence of the increased investments in the productivity of the industry, five years ago, there were probably less than five computerized pattern- and marker-making facilities installed in Montreal. Today, there are probably in excess of 100 of these installations that are worth from $50,000 to $100,000 each.

B.3 PROBABLE IMPACT OF FREE TRADE

According to several of the manufacturers in the industry, the prospect of a free trade agreement with the U.S. does not represent a significant threat to the majority of manufacturers. There are several reasons for this: firstly, many of the apparel manufacturers have undertaken U.S. export marketing programs over the last several years, and many of these efforts have been successful. This success reflects the specialization that the Canadian manufacturers have undergone, thereby making their products competitive in the U.S.

Secondly, the U.S. industry has suffered as much if not more from import penetration than its Canadian counterpart. The products imported into each country tend to be those which are suited to larger plants and long production runs. These are the type of plant which, if situated in the U.S., would probably be a threat to Canada under a free trade structure.

Thus, those products which could most threaten the Canadian apparel manufacturing industry in general are not manufactured in the U.S. Consequently, the Canadian manufacturer would be competing in the U.S. against specialized manufacturers similar in nature and size to the Canadian supplier. In some cases, the Canadian manufacturer has the advantage of lower labour costs, after allowing for favourable currency exchange rates. Indeed, a free trade agreement with the U.S. would be welcomed by most progressive manufacturers. For those manufacturers that would lose out to a U.S.-based competitor, others would benefit greatly from the greater ease of access and reduced duty levels gained from a free trade arrangement. In the short term, because of the sensitivity of the industry's employment base in Canada, it is reasonable to expect that the Federal Government will put in place some form of transition program that would allow the industry to adjust to the need for increasingly specialized garment manufacturing plants.

TABLE 1

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6. Triton Industries Inc.	Shirts and sportswear
7. The Algo Group Inc.	Dresses and sportswear
8. Algo Industries Inc.	Division of The Algo Group
9. Katescorp Inc.	Ladies' sportswear
10. Irving Samuel	High priced ladies' clothing
11. Marcel Pino Furs	Fur coats and outerwear
12. Deco-lin	Sheets, linens, bedspreads
13. Frontenac Industries	Drapery, upholstery and other decorative materials
14. Dales Canada Inc.	Ladies' and men' sportswear
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21. Ballin Inc.	Men's pants
22. Daimor Inc.	Men's pants
23. Majestic Industries Limited	Menswear
24. Les Industries de Chemises Modernes Limitee	Mens'and ladies'shirts and sportswear
25. Continental Shirt Inc.	Uniform shirts
26. Texport Trading Canada	Ladies'clothing and sportswear
27. Stacey Lynn	Dresses and sportswear
28. Louben Sportswear Inc.	Ladies' sportswear
29. The Pantel Group	Dresses
30. Actifusion Inc.	Ladies' sportswear
31. Creations Portofino Inc.	Contractor of sportswear
32. RGR Industries Inc.	Contractor of sportswear

SECTION C: RESULTS OF THE GARMENT MANUFACTURERS SURVEY

C.1 PROFILE OF RESPONDENTS

To give an indication of the type of respondents included in our survey, we have commented initially on some of the individual firms contacted; the listing of respondents is set out again in Table 1 opposite.

In the first group of accountants, consultants, and associations, Richter, Usher and Vineberg is the largest of the accounting firms serving principally the garment trade in Montreal. Appell and Partners (contacted through KOBA Consultants), GSA Management and Kurt Salmon are similarly well known accountants and consultants serving the apparel industry.

The Apparel Manufacturers Institute of Quebec is the principal voice for the apparel industry and has a full time Executive Director and office. As noted earlier, this Institute will consider at its next Director's meeting whether to publish in its bulletin an article taken from the material in the Information Memorandum on the benefits of locating garment manufacturing plants in the Acadian Peninsula.

Amongst the 27 manufacturers surveyed, the selection of the companies to whom we made presentations was a function of our personal contacts, of various leads provided by our contacts, and of our attempts to ensure that we covered most of the different product categories in the industry. This selection of respondents was not intended to be a statistically-based sampling of the industry but rather was directed to attempting to find a prospect interested in a Tracadie - Alnwick location.

All of these manufacturers were Montreal-based with the exception of the Levi-Strauss organization whose head office is located in Toronto. We have personal contacts in this organization which allowed us to discuss the company's expansion plans with its Director of Operations. While the company has no immediate expansion plans, it will consider a New Brunswick location when planning future manufacturing facilities.

Manufacturer's Interest in a New Brunswick Location

Evidently, a manufacturer's decision to build a new plant and where to locate this plant depends on a number of factors. As expected, we found that the older owners of manufacturing companies tend to be interested in maintaining the status quo and are not looking to build new production capacity. It is the

younger generation of owners, in their thirties and forties, that showed the most interest in expanding their manufacturing and consequently, in looking at a New Brunswick location.

There are a relatively limited number of larger publicly-owned companies in the industry based in Montreal that are looking for expansion opportunities. We contacted four of these companies and had positive responses from two of them, as described later in this section of the report.

Finally, as discussed in the previous section, there are those manufacturers that rely upon contractors for their sewing production. In ladieswear apparel, the use of contractors is common because of the greater specialization of the companies and the more rapidly changing markets. In some products such as dresses and blouses, the use of contractors is the most common organization of the production, whereas in menswear, contractors are used relatively infrequently. Our survey results indicated that those manufacturers using mostly contractors would not have a strong interest in setting their own plant in New Brunswick.

It became evident after we had seen approximately one-half of the manufacturers that there was an opportunity to find production work for a contractor that would set up in the Tracadie - Alnwick

area. This contractor would be a similar operation to the very successful Chemises JML Limitee of Edmundston. We have identified those respondents with contracting work for a New Brunswick in the tabulation of our survey responses and have formulated recommendations in this regard later in this report.

We attempted to direct our contacts to manufacturers in those product categories that would be most suitable for a new plant employing relatively unexperienced people. These categories would be for a simpler garment such as T-shirts, knit shirts, the broad category of sportswear and pants. The more complex category of garments that would not be as suitable include clothing (this industry term generally refers to men's and ladies' tailored suits, skirts, pants and coats) dresses, and mens' dress shirts. The greater complexity of manufacturing these garments arises from the use of much more specialized equipment and the need for specialized sewing techniques and more experienced operators.
The table set out below presents a profile of the manufacturers contacted during the survey. The profile indicates the number of respondents by type of garment and by method of manufacturing, that is in their own plant or through contractors.

TABLE 2
LISTING OF SURVEY RESPONSES

Name of Company	Products Manufactured	Most Important Response re N.B. Location
Consultants and Accountants		
1. Richter Usher Vineberg	Chartered Accountants	Yes, clients expanding manufacturing
2. KOBA/Appell and Partners	Chartered Accountants	Yes, clients expanding
3. Kurt Salmon Associates Canada Inc.	Consultants in apparel manufacturing	Yes, N.B. very possible
4. GSA Management	Consultant and business advisor	Yes, N.B. very possible
5. Apparel Manufacturers Institute of Quebec	Industry association	Yes, members interested
Apparel Manufacturers		
6. Triton Industries Inc.	Shirts and men's sportswear	Yes, reducing importing, increasing manufacturing, will study closely(2)
7. The Algo Group Inc.	Ladies dresses and sportswear	Yes worth considering as increasing manufacturing
8. Algo Industries Inc.	One of manufacturing arms of The Algo Group	Yes in principle, will consider, but distance excessive (2)
9. Katescorp Inc.	Major manufacturer of ladies sportswear	No, close proximity of plant essential

Profile of Manufacturers Surveyed by Product

Principal Product Category	Number of Respondents	Manufacturing Own	Contractors
Dresses	6	4	2
Shirts	4	2	2
Clothing	3	2	1
Sportswear	6	4	2
Pants	4	4	
Other*	2	2	
Contractors	2	-	2
Total	27	18	9

*In this "other" category was one manufacturer of bedding materials and a second specializing in decorative type fabrics including draperies, upholstery, etc.

We made presentations to two contractors which we had learned might have some interest in setting up a plant in New Brunswick. Apart from these two, we did not specifically seek out contractors for presentations given our relatively limited survey coverage and because most contractors are smaller single-location operations that are not in a position to consider expansion to a New Brunswick plant site.

C.2 RESPONSES TO THE GARMENT MANUFACTURERS SURVEY

In Table 2 which is set out opposite this and the following two pages, we indicate the most important response to our presentation regarding a plant location in the Tracadie - Alnwick area. Those

TABLE 2 - SURVEY RESPONSES (CONTINUED)

Name of Company	Products Manufactured	Most Important Response re N.B. Location
10. Irving Samuel	High priced ladies' dresses and clothing	Yes, to avoid unions, more flexibility but lack supervisory personnel(2)
11. Marcel Pino Furs	Fur coats and outerwear	No, not able to manage distance with this product
12. Deco-lin	Sheets,linen	No, do not need more manufacturing
13. Frontenac Industries Inc.	Drapery fabrics, upholstery, other decorative materials	No, do not need more manufacturing
14. Dales Canada Inc.	Very large manufacturer of men's and ladies' sportswear	Not expanding manufacturing but looking for contractors(3)
15. Shasper Inc.	Ladies dresses and sportswear	Looking for contractors(3)
16. Robin Internat'l Inc.	Childrenswear and ladies' sportswear	Not expanding manufacturing
17. Le Chateau Stores	Retailer-manufacturer of junior and ladies apparel	Looking for contractors(3)
18. Dallard's	Retailer-manufacturer	Looking for contractors(3)
19. Levi-Strauss, The Great Northern Apparel Company	Men's and ladies' jeans	Not likely immediately Will consider when planning for new capacity
20. Howick Apparel Limited	Men's and ladies' jeans	No, reducing manufacturing

manufacturers expressing an interest in this location have been coded into three groupings according to their level of interest in a New Brunswick plant site. These codes are shown on the responses set out in Table 2; where there is no coding, the manufacturer was not interested in a N.B. location.

Coding re Survey Responses

(1)-Prospects showing strong interest in setting up their own plant and which could lead to at least a visit to the area in the next several months,

(2)-Prospects showing some interest but with less than a 50% probability of visiting the area, and

(3)-Prospects who would be interested providing sewing work to a contractor already established there.

The table set out following indicates the number of prospects in each category of response.

Category of Response	Number of Respondents
1) Strong interest	4
2) Some interest	3
3) Work for a contractor	8
4) No interest	12
Total	27

Therefore, 7 out of 27 or approximately 25% of the manufacturers

TABLE 2 - SURVEY RESPONSES (CONTINUED)

Name of Company	Products Manufactured	Most Important Response re N.B. Location
21. Ballin Inc.	Men's pants	Yes, will consider seriously(1)
22. Daimor Inc.	Men's pants	No, just built plant
23. Majestic Industries Ltd.	Menswear manufacturer	No, not expanding
24. Les Industries de Chemises Modernes Ltee	Men's and ladies'shirts and sportswear	No, not expanding
25. Texport Trading Canada	Ladies' clothing and sportswear	Looking for contractors(3)
26. Stacey Lynn	Dresses and sportswear	Looking for contractors(3)
27. Louben Sportswear Inc.	Ladies sportswear	Yes, will consider(1)
28. The Pantel Group	Ladies' dresses	No, do not need more manufacturing
29. Actifusion Inc.	Ladies sportswear	Looking for contractors(3)
30. Continental Shirt Inc.	Uniform shirts	Yes, possibility, contact in October when planning(1)
31. Creations Portofino Inc.	Contractors of sportswear	Yes, will consider(1)
32. RGR Industries Inc.	Contractors of sportswear	No, not expanding beyond present locale

contacted expressed strong or some interest in a New Brunswick location.

C.3 RESPONDENTS HAVING STRONG INTEREST

To provide the Tracadie - Alnwick Committee with an insight into the manufacturers that expressed a strong interest in our presentation, we have set out following a brief review of the background of each of the manufacturers whom we expect to follow up our presentation with a request for a further meeting and possibly a visit to the Tracadie - Alnwick area.

Ballin Inc.

Ballin is one of the larger manufacturers of men's pants in Canada and is a major supplier to Sears and to the other department stores. Based on our meeting with the Company's President, Mr. David Ballinsky, we found the Ballin operation to be one of the more progressive manufacturers that we have met in the apparel industry in Montreal.

The company is now finalizing its planning for the building of another plant and has been looking at locations in southwestern Ontario. Mr. Ballinsky reported that he had not given conscious consideration to a New Brunswick location. He stated that because

of the introduction of the company's Spring lines at this time, he will respond to our presentation in three weeks.

Mr. Ballinsky reported that government financial support was not a prime consideration in a decision to settle in New Brunswick as the company already had funding for a new plant from the Canadian Industrial Renewal Board Program (this successful Federal program for the garment, shoe and related low technology industries was instrumental in encouraging much new investment in productivity improvement in the apparel industry; the program expired in 1984-1985). Further, the plant should be economically sound without any government assistance for Ballin to consider this location. His prime concern was finding a high quality work force with reliable and hard working employees. In addition to the wage levels, he was also attracted by the ability to operate without the constraints of a union or a parity committee. He was not overly concerned over the lack of sewing experience in the workforce as he preferred to train his own people according to the company's own requirements. The plant size would involve approximately 100 workers.

In addition to finding a high quality work force, Mr. Ballinsky's other major preoccupation was the distance factor. He asked repeatedly about the current commercial air service from Montreal

to Chatham and stressed the importance of this service being available in the future so that his technical, engineering, and supervisory people could travel in and out of the area efficiently, without losing a total day's work to travel.

Unquestionably, attracting the Ballin organization to the Tracadie - Alnwick area would be a very favourable outcome of this project. The high quality of the company and its management, its strong commitment to manufacturing, the relative stability of its markets compared to other types of apparel, and the importance placed on the quality of the workforce - all would make this company an ideal first garment manufacturer for the Tracadie-Alnwick area.

Louben Sportswear

This company operates its own plant employing some 50 workers and contracts out the balance of its production which represents employment for another 200 to 300 workers. The growth in its business and the shortage of good contractors in the Montreal area leads it to consider a New Brunswick location.

The management of Louben is from the younger, more realistic and dynamic group of owners in the industry (as is David Ballinsky) and is a positive attribute of this organization. We are not as familiar with the company as with some others but it appears to be relatively solid. The President, Mr. Avrum Schwam, expressed strong concerns about finding the technical and supervisory staff to run the plant and, if he decides not to follow on with our presentation, it would be for this reason. Having another manufacturer already established in the area would be a positive factor in attracting Louben to Tracadie - Alwnick.

Creations Portofino Inc.

The President and one of two shareholders of this young company, Mr. Yves Desjarlais, has a reputation as a very honest and capable individual. Mr. Desjarlais, after many years in the garment trade in production management capacities, has recently started his own contracting operation in Montreal. He has expressed some interest in establishing a contracting operation in the Tracadie - Alnwick area. He believes that a New Brunswick operation would complement a Montreal contracting facility.

His interest in starting a contracting manufacturer would depend on finding an investor in the Tracadie - Alnwick area prepared to invest the capital required. While Mr. Desjarlais is interested

in pursuing this possibility, his considerations are still at a preliminary stage and we will be in further contact with him over the next several weeks.

Continental Shirt Inc.

This company specializes in the manufacture of uniform shirts largely for police forces across Canada. Mr. Harry Fried, Continental's President, reported that he has contracted out all of his production in the past but that he would be very interested in looking at a New Brunswick location for setting up his own plant.

Mr. Fried asked that we contact him in late October, to discuss the question of a plant location again. Continental is a well established and respected manufacturer - distributor. In addition to supplying shirts, this company imports and distributes firearms and other security devices to police forces and related agencies across Canada.

C.4 RESPONDENTS SHOWING SOME INTEREST

As noted above, there were three respondents showing some interest but we believe that there is less of a chance of them pursuing

this at least within the next several months. The first of these, Irving Samuel, is a well known manufacturer of expensive ladies clothing. The company would be prepared to immediately consider a New Brunswick location if there was a suitable plant already in operation and there were high quality technical and supervisory people available. The company does not have anyone available to go to New Brunswick to start an operation. However, the company wanted to take some time to consider a Tracadie - Alnwick location and responded favourably to our presentation.

Secondly, Triton Industries Ltd. is one of a half-dozen apparel manufacturers and importers that have become publicly-owned companies in the last several years. Triton is of significant size, over $100 million in sales revenues, and is reducing its imports and increasing its domestic manufacturing activity. The company responded favourably to our presentation and expects to be considering new manufacturing facilities in the next six months.

Another of the large publicly-owned companies that we contacted is The Algo Group. This company is recognized as the most successful and the largest of the Montreal-based dress and sportswear manufacturers. As it is a highly decentralized operation, we made presentations both at the corporate level to one of their senior people and at the divisional level to one of

their manufacturing executives. The company expressed concern over the distance factor and the greater time and resources involved in communication between the head office and such a distant manufacturing plant. A response could be forthcoming from Algo in the next year or two as several of the company's divisions plan expansions of their manufacturing facilities and are searching out additional manufacturing capacity. As a general policy, the Company uses contractors extensively and, while we did not approach the Algo people regarding the availability of contracted work for a Tracadie - Alnwick plant, we believe that they would respond positively.

SECTION D: CONCLUSIONS AND RECOMMENDATIONS.

Our conclusions and recommendation to this report are in three parts: firstly, we have addressed the general question of attracting of garment manufacturing plants to New Brunswick. Secondly, we have made recommendations regarding the value of this exercise for the Economic Expansion Commission of the Peninsula and what program can be formulated to assist in carrying on this form of promotion in the future. Thirdly, we have made several specific recommendations for a second phase of this particular initiative.

D.1 ATTRACTING GARMENT PLANTS TO NEW BRUNSWICK

Garment Plants are an Attractive Source of Employment. At the outset, we have assumed that as a matter of policy, the Department of Commerce and Technology considers garment manufacturing plants as an attractive source of employment for the Province. As noted earlier in this report, this industry's interest in New Brunswick is based on the availability of a largely female labour force which will work at wages and benefit costs below the levels paid in Montreal. Of equal importance is the ability to operate plants employing up to 300 workers without unions or the parity committee structure that is in place in the Province of Quebec. The garment

manufacturing industry will always be very sensitive to labour costs and will never be in a position to offer wage levels, pension plans and the other fringe benefits offered by larger employers that are able to offer much more attractive wage and benefit compensation.

Opportune Time to Promote Garment Plant Locations

We believed at the outset of the work that this was an opportune time for approaching Montreal-based garment manufacturers because of the emerging trends in the industry of:

1. Increased manufacturing activity by the Montreal-based apparel industry,
2. Shortage of qualified and/or interested labour
3. Strong interest by Montreal-based manufacturers to avoid unions and the Quebec provincial parity committee structure.

Our discussions with over 40 apparel manufacturers and other people knowledgeable about the industry in Montreal in August and September strongly confirmed these trends. Accordingly, we believe that it is an opportune time to for the Province to consider a promotional program to attract these plants.

New Brunswick Perceived Favourably for Garment Plant Location

Based on our discussions with the industry participants, New Brunswick is perceived favourably as a location for plants by the

owners of the manufacturing companies in the industry. In relatively few cases, difficulties arising from situating plants in more rural locations and the occasional loss of the workforce to the hunting season, to harvesting a vegetable crop or to fishing activities were mentioned. We believe that this situation will arise on occasion for any plant located outside of a major centre. While these perceptions regarding New Brunswick were not particularly unfavourable, they should be addressed in a positive manner in any future programs to attract manufacturing plants.

Garment Manufacturers Not Looking for Substantial Government Incentives. The garment manufacturers with whom we spoke expressed the opinion that they were not looking for government largess as an incentive to locate in New Brunswick. These manufacturers felt that the decision to locate in New Brunswick should be based on sound business and economic reasoning. The offering of substantial government incentives would only lead to the making of bad location decisions and that this was not in their or the Province's interest. We believe that these opinions are very positive in that they reflect an increasing maturity on the part of these manufacturers towards their consideration of a New Brunswick location and will improve the chances of finding

solid long term employment opportunities for the Province from this industry.

Recommendations to the Department of Commerce and Technology

We have set out here three recommendations for a program by the Department to attract garment manufacturing plants. In putting forth these recommendations, we have implicitly assumed that these activities would better be carried out at the provincial level rather than for the Tracadie - Alwnick area or for the Acadian Peninsula only. However, this does not preclude the Economic Expansion Commission of the Peninsula Inc. pursuing some or all of these initiatives on its own.

1. The Province should increase the industry's awareness in New Brunswick as a location for garment plants through an active promotional program. The objective of such a program would be to make the industry aware of the interest of the Province to attract plants and to make readily available a source of information that manufacturers can contact when considering new plant locations.

Several respondents mentioned that the value of this Tracadie-Alnwick initiative was at least knowing where information on New Brunswick plant locations was available. While many manufacturers might have given some consideration to New Brunswick in the past,

they had not pursued a New Brunswick location because they were not aware of where to find information about location opportunities. This promotional program should have the following elements:

-As a first step, the Department should develop a relatively simple informational brochure specifically for the garment manufacturing industry. This brochure should indicate in very general terms, possible areas for locating plants, sources for specific information on labour availability, wages, availability of land, buildings, industrial services.

-An important part of the message that should be used in all the communications directed to the industry is the use of testimonials, that is the citing of successful examples of plants that located in New Brunswick. Unquestionably the most successful of these is Chemises JML Ltee. in Edmundston.

-The most effective approach for communicating this information would be to contact garment manufacturers directly through a direct mailing program. To facilitate this, the Department of Commerce and Technology should become a member of the industry's trade associations such as the Apparel Manufacturers Institute of Quebec (at an annual cost for

associate membership cost of $500 annually); a similar association exists in Ontario. This would give the Department access to the association's mailing list and it could send out mailings directly to individual manufacturers.

-The Department can make speakers available to the regular meetings of these associations who would outline the benefits of a New Brunswick location.

-Advertisements should also be placed in several trade magazines used by the industry such as Apparel.

-The Department should participate in the industry's trade shows. The most popular of these is the Bobbin Show which is held every August in Atlanta. Participation in this show with even a very small presence would serve to make all the leading Canadian manufacturers as well as a substantial number of American manufacturers aware of New Brunswick as a potential locations for plants. As discussed below, this exposure to the U.S. apparel manufacturing industry would also permit the Province to examine the feasibility of plant locations for U.S. companies, for what are termed "807 operations". We have elaborated on this U.S. opportunity following.

-The Department should facilitate a manufacturer's obtaining information on New Brunswick through making available a 800 long distance service, if such a service does not now exist. Manufacturers could contact a designated individual who would have access to information on possible garment plant locations.

2. Evaluate the Feasibility of New Brunswick Plant Locations for U.S. Manufacturers. The Department should evaluate the feasibility of attracting U.S. manufacturers to the Province for the establishing of what are termed in the industry "807 operations". An 807 operation refers to a provision in the U.S. Customs Act that allows a U.S. based manufacturer to ship fabric or cut pieces into another country to be sewn there. The U.S. manufacturer then pays duty only on the value added to the garment in that country which amounts to sewing labour and possibly some packaging materials and trimmings.

We understand that there could be the possibility of attracting U.S. manufacturers to operate contractor-type sewing plants in New Brunswick for garments to be sold in the U.S. market. This assumes that this provision would continue exist under whatever free trade agreement, if any, that we enter into with the U.S.

There have been numerous plants set up in Central America to take advantage of the 807 customs provision. According to several knowledgeable contacts in the industry, it is worth examining the basic economics of wage costs, exchange rates, transportation costs, etc. in order to determine whether these manufacturing operations would be feasible for New Brunswick. If feasible, the Department could look at putting together an informational program to make U.S. garment manufacturers aware of plant location opportunities in the Province

3. Develop an Expanded Training Capability for Sewing Operators and for Supervisory Personnel

We are aware that the Province has recently launched a training program for sewing operators in the Edmundston area, in conjunction with one of the local technical colleges. Having this training available was mentioned very positively by the garment manufacturers. A similar program should be put in place for the Tracadie - Alnwick area.

An even more important human resource need of the garment manufacturing industry is for trained supervisory staff. There is a serious shortage of good first level supervision in the Montreal area. If a training program for first level supervisors was put

in place in New Brunswick, the availability of trained supervisors in the Province would be a very attractive drawing card for new manufacturers.

Evidently, this supervisory training is more complicated to structure than sewing operator training. If individuals with some supervisory experience from another industry (e.g. from fish processing plants) could be attracted to the program, the Department should explore the possibility of a garment plant work sharing program with a garment factory that would introduce these individuals to garment manufacturing.

The most important skills that a production supervisor should have in the garment trade, in addition to acquiring people management skills, is in the area of using modern sewing equipment, engineering techniques for improving productivity in sewing plants including the introduction and operation of piece work incentives. Part of this training can be carried out in the classroom but an important part has to carried under actual factory conditions. This leads us to recommend some form of subsidized work sharing program as the most useful approach. Occupational training expertise should be sought out to recommend the most effective way to structure such a program.

D.2 ATTRACTING GARMENT PLANTS TO TRACADIE - ALNWICK AND THE ACADIAN PENINSULA

The response to our presentations was sufficiently positive to warrant the Economic Expansion Commissions of the Peninsula to continue these efforts to attract garment manufacturers. Initially, we have developed four recommendations regarding measures that would assist attracting such manufacturers.

1. It is vitally important that the present commercial air service from Montreal to Chatham be at least maintained if not expanded. The distance of the Tracadie - Alnwick area from Montreal, of 11 hours driving time, which is some four to five hours greater than the driving time from Montreal to Edmundston, is the single most important deterrent to finding a manufacturer interested in locating there. The unfavourable distance factor is a more important consideration for moving the management, technical, and even the marketing people back and forth to the plant from a head office located in Montreal. It is less of a consideration for bringing in raw materials and moving out finished goods.

With the introduction of deregulation and the restructuring of commercial air service that is now underway in Canada, secondary

routes such as the Montreal to Chatham service operated by C.A.I.L. can become expendable. Therefore, it would be prudent for the Economic Expansion Commission of the Peninsula to initiate contact with the carrier to express the Commissions's strong interest in the continuity of this service. These contacts may enable the Commission to forestall any unfavourable decision in the future to reduce this level of service. The Commission should also examine the possibility of making air services readily available between Chatham and Tracadie and between Montreal and Tracadie.

2. There is need to develop an inventory of the skill and interest of sewing operators willing to work in garment factories in the Tracadie - Alnwick area.

The benefit of such a skill inventory is that it would demonstrate to prospective candidates for plant locations that employees are ready and willing to work. It would allow the Economic Expansion Commission and the Canadian Employment and Immigration Commission to quickly demonstrate the availability of prospective employees with direct experience in garment plants and with a high level of interest in working in apparel manufacturing.

3. The Commissions should develop a directory of truckers willing to serve manufacturers in Montreal. This listing should indicate specific carriers, their rates and service availability. It can also examine the availability of back hauls from carriers servicing the fishing industry that would make available reduced rates. In most cases, apparel manufacturers are not looking for full 45 feet trailers but can use smaller 25 to 30 feet trucks or partial loads of larger trailers.

The Commission should offer to act, at least in the early stages of attracting manufacturers to the area, as an informal coordinator to pool different manufacturers' shipments, enabling them to reduce shipping costs. Such a coordination role need not be complicated - it would entail keeping apparel manufacturers informed of part loads or back hauls that they could take advantage of to move merchandise as inexpensively as possible in and out of the Tracadie - Alnwick area.

4. The Commission should develop a listing of buildings available as suitable locations for garment manufacturing plants.

In our visit to Tracadie in early July, we undertook a brief tour of the Tracadie - Alnwick area and identified on a very preliminary basis some ten sites which the Commission's staff thought might be available for lease by a manufacturer.

Maintaining a listing of leased manufacturing space should be formalized, and should include identifying the square footage available, likely leasing costs, the available water and electrical services including washrooms, etc. While larger manufacturers that might be attracted to the Tracadie - Alnwick area would purchase a property at the outset, most new operations coming to the area would want to lease manufacturing space, at least until the operations are profitably established.

The purpose of these recommendations presented above is to undertake as much of the initial plant location planning groundwork as possible. Thus, when a manufacturer visits the area, the interest of the Commission and of the community as demonstrated by this initial planning, will be a positive contributor to a favourable decision.

D.3 RECOMMENDATIONS REGARDING A PHASE 2 OF THIS PROJECT

We believe that the results of our 32 presentations made to the apparel manufacturing industry were sufficiently positive that we have proposed for the Tracadie - Alnwick Committee's considerations, a Phase 2 of this project. This proposed Phase 2 calls for the following elements.

1. Another 15 Presentations to Garment Manufacturers

Our experience in finding manufacturers that might have an interest in locating in the area suggests that there are another 15 companies to whom it would be useful to make presentations regarding the Tracadie - Alnwick area. At this point, we believe that we will have covered the most likely manufacturers who would consider a plant location.

2. Follow - On Work with the Existing Prospects

There will be need to maintain follow-up contacts with the four "strong interest" prospects that we identified in the Phase I work. These four manufacturers have asked that we contact them in October. For all of these manufacturers, August and September are peak activity months with the finalization of production for the Fall and Christmas shipping seasons and with the selling of the Spring season merchandise.

This follow - up work would entail call backs, answering further questions and arranging for visits to the Tracadie - Alnwick area. As well, we would hope to be able to visit Tracadie with the first of the manufacturers that we believe will want to follow up with looking at plant locations there.

3. Development of a Contractor - Manufacturer in Tracadie-Alnwick. The survey results indicated that should there be an established contractor - manufacturing capability located in the Tracadie - Alnwick area, that it would be possible to find production work for such a facility.

To set up such a contractor facility in Tracadie - Alnwick would initially require finding three critically important resources.

1. A local financial investor to put up some portion of the equity capital investment. Ideally, this investor should have some knowledge of labour-intensive manufacturing. We would hope that this investor would want to take an active part in the management of the factory.

2. A production supervisor who has operated a garment manufacturing plant and who could undertake the critically important start up training and organization activities and operate the plant for at least the first three years.

3. A Montreal contact to find contracting work from Montreal manufacturers. This individual would know the manufacturers

in Montreal and would solicit work for the Tracadie - Alnwick factory, provide the vitally important interpretation of the customer's sewing needs. This would be a highly experienced individual, possibly already in the contracting business.

When a number of the survey respondents began to ask if we had an existing operation that would take on contract work, we began to explore the possibility of setting up such an operation. At the same time, we approached Mr. Yves Desjarlais of Portofino Creations Inc. whether he would have an interest in acting as the Montreal contact for such a contractor operation. Mr. Desjarlais has expressed some initial interest in such an arrangement.

We believe that with an initial total investment not exceeding $150,000 that a small contracting operation could be established. This estimate is not based on any detailed costing of the equipment and installations costs required to set up operations. From our experience, the major pieces of capital equipment would include a steam boiler, a compressor, 10 sewing machines, some packaging equipment, and tables, chairs, limited office facilities plus plumbing and electrical installation and other leasehold improvement expenses as well as leasehold expenses. We assume that the Province's SIFAP program would be available to finance

50% of these start-up costs. Accordingly, the initial equity money to be invested would be in the range of $75,000.

At the outset, we would propose to engage approximately 10 sewing operators. The initial strategy of this contracting operation would be to start on a very limited scale and select relatively simple pieces of sewing work until such time as the operation was running successfully at this initial level. The plant could then consider larger orders and more complicated, and more profitable sewing work. At the outset, the objective of the plant would be to achieve the levels of sewing operator productivity in order to profitably meet the going prices established for sewing contracting work in the Montreal market, at acceptable quality levels.

The first steps in an examination of the feasibility of such an operation would include the following:

1. A relatively limited initial feasibility study should be undertaken. This would identify the major pieces of capital equipment and their costs. Information should be gathered on the expenses that would probably be required for electrical, plumbing installations and other leasehold improvements as well as the level of working capital financing. This would

allow the development of a more precise estimate of the total capital investment that would be required for setting up of a small contracting plant.

2. The Economic Expansion Commission should hold a seminar for local businessman in the Tracadie - Alnwick area at which would be presented the project and this investment opportunity. Based on this presentation, hopefully an investor (or possibly a group of investors) could be attracted with some manufacturing management experience closely related to garment manufacturing.

3. An advertisement and recruitment program should be conducted in the Montreal area to try and recruit an experienced production supervisor who would be interested in relocating to the Peninsula. Ideally, it might even be able to find an Acadian who had left the Peninsula, who would want to return and who would be readily accepted by a local workforce. Alternatively, it might be possible to attract a recently retired production manager who might welcome such a challenge for several years.

4. Discussions should be pursued with Mr. Desjarlais for filling the role of the important Montreal contact to find the sewing

production for the plant and to work closely with this new organization during its critically important start up period of a year or two.

REPORT APPENDICES

1. Informational Memorandum re Garment Plant Location Opportunities

2. Detailed Listing of Garment Manufacturers Survey Contacts

3. Copies of Correspondence Relating to Garment Plant Location Study

APPENDIX 1

INFORMATION MEMORANDUM

RE GARMENT PLANT LOCATION OPPORTUNITIES

AN INFORMATION MEMORANDUM

GARMENT PLANT LOCATION OPPORTUNITIES

IN

THE TRACADIE - ALNWICK REGION OF

THE ACADIAN PENINSULA OF NEW BRUNSWICK

AUGUST, 1987

For further information:

Mr. Roland Cormier, Industrial Commissioner for the Acadian Peninsula, at 506-395-2261

or

Mr. Ian Moodie, Marcon Management Consultants, at 514-393-1378

IN BRIEF

The Economic Expansion Commission for the Acadian Peninsula of New Brunswick believes that the under-utilized work force of this region offers garment manufacturers very attractive opportunities for locating highly productive sewing plants in this area.

The Acadian Peninsula is well known for its very industrious, self reliant people, with a spirit and work attitude comparable to that found in the Beauce region of Quebec.

This memorandum presents to apparel manufacturers key information regarding the locating of plants in the southern most part of the Peninsula, in the Tracadie - Alnwick area of the Acadian region. Specifically, garment manufacturers will find there:

*Hourly wage rates of $5.00 to $5.50 per hour for sewing operators.

*Good availability of female workers in their 20s and 30s willing to be trained in engineered sewing production techniques.

*Some sewing operator experience in the work force, experience working in engineered work environments.

*Ability to establish non-union plants, with no provincial parity committees.

*Availability of experienced supervisory personnel.

*Possibility of a local joint venture partner to provide benefit of local ownership and on-site management presence.

*Very attractive leased space and property tax costs, as compared to Montreal.

*11 hour driving time from Montreal to Tracadie with daily commercial jet air service to within 50 km., to Chatham, N.B.

*Government support for start-up situations, up to $75,000 grant for capital equipment. Other government support available for training, capital investments.

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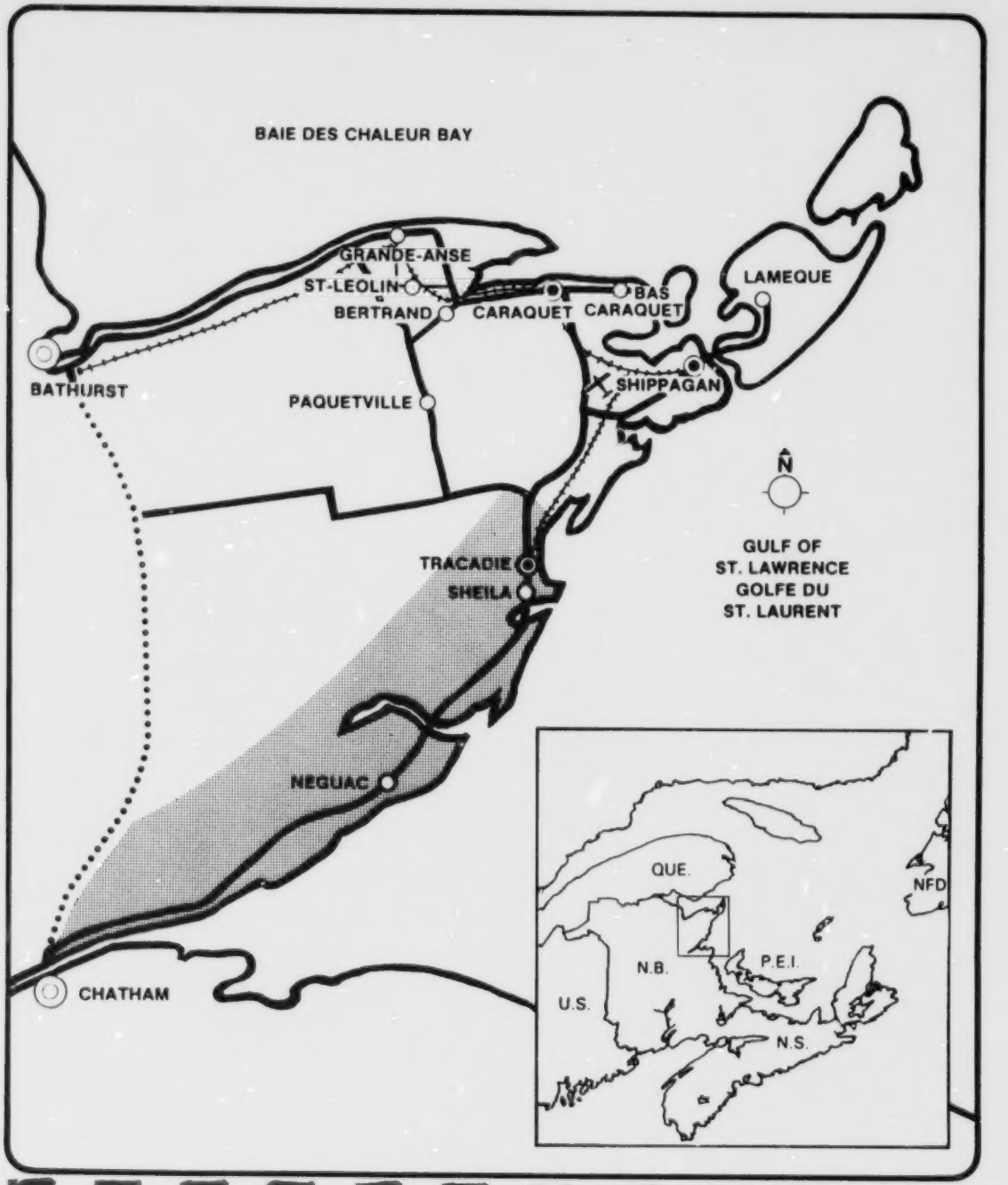
THE ACADIAN PENINSULA

LA PENINSULE ACADIENNE



La Région

TRACADIE - ALNWICK

Area

1. INTRODUCTION AND PURPOSE OF THIS PRESENTATION

The map opposite illustrates the Acadian Peninsula and within this region, the Tracadie - Alnwick area. The Acadian Peninsula, with a population of some 58,000, has the greatest concentration of french-speaking persons within New Brunswick and its primary economic activity has been in fishing and fish processing much of which is in the crab industry. The Tracadie - Alnwick area is the southern most part of the Peninsula and has a population of 23,000.

In the last five years, there has been a significant increase in activity in the garment manufacturing industry in New Brunswick. With few exceptions, these apparel manufacturing plants are non-unionized contractor-type operations that have been attracted to the Province because of the availability of a lower cost work force. The largest of these plants is a shirt contracting operation, La Chemise J.M.L. Ltee., employing some 300 workers in two locations in Edmundston. There are another 15 plants employing between 25 and 100 workers.

This increasing interest in garment manufacturing in New Brunswick has led to this initiative, to attract garment manufacturing plants to the Tracadie - Alnwick area of the Acadian Peninsula. The most important reason for a manufacturer's consideration of

such a location is the availability of a dependable and committed work force, willing to accept employment at $5.00 to $5.50 per hour.

Over the last decade, one of the larger sources of employment in the region has been the crab processing industry. In the last two years, the size of the crab catch has been significantly reduced which in turn has led to a marked reduction in the employment in the crab processing plants. This has resulted in a much greater availability of workers with experience suitable as sewing operators, in fast-paced engineered manufacturing operations.

The reason for considering the Tracadie - Alnwick area for a plant location is that the greatest concentration of available workers reside in this region. The two largest communities in this area are Tracadie and Neguac, as shown on the enclosed map. Tracadie is the commercial centre of the Peninsula with the greatest concentration of retail and commercial services.

This memorandum presents some of the more important information that will assist manufacturers in considering a location in this area.

2. THE AVAILABLE WORK FORCE

Size and Skills of Work Force

In the Tracadie - Alnwick area of the Acadian Peninsula, the local Employment and Immigration Office estimates that there are immediately available between 500 and 1000 workers with suitable work experience for employment as operators in a garment plant.

This work force consists principally of ladies ranging in age from 18 to 40 years old. Most of these have had work experience in crab and fish processing plants. Some have had experience as sewing operators in garment factories. This garment factory experience was most often gained by many of the workers who left the region to find jobs in factories in Montreal and have subsequently returned to the Acadian Peninsula. Knowledgeable employers in Montreal offer very favourable comments about the Acadian worker and his or her hard working and dependable nature. Even though some of these workers have had garment trade experience, a sewing plant employer would require a training program to introduce engineered sewing techniques. Most of the employees have had considerable experience in crab plants, work which is fast paced and requires a high degree of manual dexterity. In addition, these workers would welcome piece work incentives and the prospect of the rewarding of individual effort.

Unions, Parity Committees

A garment manufacturing plant can be established in the Tracadie-Alnwick area with no risk of having a unionized work force. There are union plants in the Acadian Peninsula, but most of these are branch plant situations in some of the fish processing operations. There are no parity committees or similar structures in place in New Brunswick which establish wage levels or working conditions for apparel manufacturers.

As in Quebec, there is labour standards legislation (<Normes de travail>) which establishes the minimum wage ($4.00 per hour), the minimum work week (44 hours) and overtime (at time and one-half over the minimum).

Wage Levels

The local Canadian Employment Centre is of the opinion that there is very good availability of labour suitable for employment as sewing operators at the $5.00 to $5.50 per hour level. For operators with no sewing experience, the minimum wage of $4.00 would be paid for an initial training period. In the union plants, hourly wages paid are $6.50 per hour.

Basic fringe benefits are similar to those paid in Quebec, with vacation pay of 4% and the normal statutory holidays. There is one important difference between the fringe benefits paid in Quebec and those paid in New Brunswick. In Quebec, the medical

insurance coverage (RAMQ) is funded by an employer's contribution which amounts to 3.2175% of gross payroll. In New Brunswick, there is no employer's contribution to this insurance, nor is there an employee's contribution as the insurance is funded directly by the Province from general tax revenues.

Supervisory Personnel

In the Acadian Peninsula, there are experienced supervisory personnel available for a garment manufacturing plant. Some of these individuals have some supervisory experience in garment manufacturing in Montreal and have returned to their homes and families in the Peninsula. Most have acquired their supervisory experience in the local fish and crab processing plants. Salaries paid to first level supervisory personnel of this nature would be between $300 and $400 weekly.

Technical Personnel

The other critical skills that a manufacturer would look for in setting up a new plant in this area are, firstly, trained repair technicians who have had experience repairing and maintaining sewing machines and related equipment. Secondly, there would be a need for industrial engineers and similar technical personnel who could assist with layouts, work flows, time studies, incentive programs, etc. In both cases, individuals with strong technical backgrounds, although probably not in the garment industry, are

located in the Region and could after some initial training make a contribution to a new plant. Some of the people with technical skills would be retired military personnel, a considerable number of whom reside in the Acadian Peninsula (the large Chatham Armed Forces Base is situated at the base of the Peninsula).

3. JOINT VENTURE PARTNERS

If an apparel manufacturer in Montreal had an interest in establishing a plant in the Peninsula, having a local partner with a financial interest in the success of the operation could be attractive. The Industrial Commissioner of the Acadian Peninsula believes that there is a possibility of locating such an investor. Investment capital looking for good local projects has become increasingly available in recent years. This reflects the return to health of the fishing industry in recent years, the strict limits placed on the growth of the industry by the quotas restricting the size of the fish catches and thus the generating of excess capital by the industry which is looking for good local investment opportunities.

4. MANUFACTURING SPACE

The cost of land and buildings in the Peninsula is from one-third to one-half of these costs in Montreal. This translates into greatly reduced cost of leased manufacturing space. For a typical manufacturing space of 10,000 square feet, the net lease costs for factory space would be from $2.00 to $3.00 per square foot.

Should a manufacturer consider buying land or land and building for a plant, there is an abundance of suitable sites and facilities at very attractive costs. As to the availability of 5,000 to 10,000 square feet of leased manufacturing space, a recent tour of the area indicated that there is a good selection of buildings available for lease of a size range that could be converted easily into a sewing plant, without significant investments. There would be need to install air and steam facilities.

In addition to lower space costs, property taxes are significantly lower in the Peninsula as compared to Montreal. For comparable space, property and municipal business taxes in Tracadie are 20% of the taxes or 80% lower than the taxes, paid in Montreal, after allowing for lower levels of tax rate and property valuation.

5. TRANSPORTATION

Truck Transportation

There is a good availability of truck transportation for the Peninsula from both common carriers and from private truckers with readily available service to Montreal. The total driving time to Montreal from Tracadie is 11 hours, or overnight trucking service.

Common carriers have quoted truckload rates of $1600 per truckload for a Tracadie to Montreal full load, of some 2700 cu.ft. in a 45 ft. trailer. The rates from a private carrier would likely be in the range of $1300 per load.

There is a transportation subsidy program available for manufacturers located in New Brunswick which reduces the cost of goods being shipped west to Quebec and other Canadian markets. For a garment manufacturer located in Tracadie that was shipping finished goods to a warehouse in Montreal, this subsidy would reduce the freight costs mentioned above by 13.5%. The subsidy is paid to the carrier who submits claims directly to the government agency responsible for administering the program.

Air Transportation

At the present time, there is daily commercial jet service to Chatham, N.B., which is located at the base of the Acadian Peninsula. The service is provided by Canadian Airlines International Limited (formerly C.P.Air and Eastern Provincial Airways) with one stop, at a regular fare of $310 return.

In addition to the regularly scheduled service to Chatham, there is an airport in the Peninsula located between Tracadie and Caraquet, operated by the regional Economic Expansion Commission. Charter air services are available at this airport facility.

6. GOVERNMENT ASSISTANCE

Direct Assistance

In direct assistance, the most useful program available to assist a new manufacturing venture in the Peninsula is the New Brunswick Small Industry Financial Assistance Program (or S.I.F.A.P.). In brief, this program will provide a grant of 50% of eligible capital expenses (buildings, lease-hold improvements, new equipment) up to a maximum of $150,000 of these expenses. Therefore, assuming that all expenses are eligible, the maximum contribution is $75,000. Unlike many programs of this nature,

S.I.F.A.P. advances 50% of the funds at the beginning of the project and the balance upon completion.

In addition to this New Brunswick Provincial program, there is also available from the Federal Government, the Industrial and Regional Development Program. The program offers grants to qualifying firms for new manufacturing plants of 30 % of eligible capital expenditures. It should be noted that at the time of preparation of this memorandum, the Federal Government's assistance programs from the Department of Regional Industrial Expansion are undergoing review and may well change in the near future. Also, the recently announced Atlantic Opportunities Development Agency, which is based in Moncton, may have programs available to support a new garment plant in the Peninsula but this agency and its programs do not become operational until the Fall of 1987. The exact nature of the programs will not be known until that time.

Assistance with Training

Over the last ten years, there have been available a number of programs, most often from the Federal Department of Employment and Immigration, to assist new ventures with training expenses. Frequently, this assistance has been in the form of a subsidy to help defray wages in the initial start up period of a new venture hen newly hired employees are undergoing on-the-job training. In the summer of 1987, funding for this form of subsidy has become

increasingly scarce. As a result, neither the Federal or Provincial Employment Departments were able to commit to making this form of assistance available. Once a specific project is presented to these Departments, both indicated strong interest in seeing what they could do at the time to assist with training costs.

In addition to direct training assistance, if there was a need, the local community college serving the Peninsula which is located in Bathurst, could set up training programs for sewing plant operators. Similar programs are being established in the Edmundston area.

Indirect Assistance

The Acadian Peninsula has a very active Economic Expansion Commission service which gives a very high priority to encouraging business and to the attraction of industry. The services of the Commission will be very helpful to a new manufacturing venture. The Commission will ensure that all government assistance programs are made available. It will introduce local services and assist to ensure that the community does all possible to make the new venture a success. The importance of jobs creation for the region leads to the local, regional, and provincial government authorities giving a very high priority to assisting job creating enterprises.

ERRATUM

INVESTMENT TAX CREDITS

An additional financial incentive to locating garment manufacturing plants in New Brunswick is the availability of a higher level of investment tax credit than is available in Canada outside of the Maritime provinces.

At this time, the investment tax credit is 30% in New Brunswick and the other Maritime provinces as compared to 20% in Quebec and the rest of Canada. (This applies to most companies; there are some other special categories of eligibility for the purpose of qualifying for investment tax credits and each case should be examined individually.)

A description of this benefit was omitted from the presentation of similar benefits available for qualifying investments made in the Tracadie - Alnwick area and in New Brunswick.

7. GENERAL INFORMATION

For the first time visitor, the Acadian Peninsula leaves one with the impression of being a very liveable community. The area abounds with natural splendors, combining the attraction of a seaside location with an abundance of forests, rivers and streams with excellent salmon and trout fishing. The parallel that has been drawn between the Acadian Peninsula and Quebec's Beauce region is very evident in the energetic and entrepreneurial nature of the Acadian people.

Should a manufacturer consider having a supervisory or engineering staff member move to the area for the plant start-up, following is listed some of the more frequently requested information regarding living in the area.

- -Personal income taxes: approximately 18% lower in New Brunswick than in Quebec (at $30,000 per year gross income at 1987 single tax rates); this saving is partially offset by a higher retail sales tax.
- -Housing prices: at least 50% below current prices in Montreal ($50,000 for 3 bedroom bungalow).
- -Sports activities: excellent fishing (deep sea, trout, salmon), hunting, golf, swimming pools, arenas, tennis courts, marinas, bowling, etc.
- -Entertainment: very good restaurants, numerous fast food outlets, touring artists and concerts, cinemas, cable television brings in full Canadian and U.S. services.
- -Schools: full primary, secondary, collegiate and university level schooling, most available in both french and english languages.

8. FOR FURTHER INFORMATION

In Tracadie, Mr. Roland Cormier, General Manager of the Economic Expansion Commission of the Peninsula Inc. will be very pleased to answer any queries, arrange for a tour of the area, visit possible plant locations, arrange introductions to the Canadian Employment Office and to possible supervisory personnel, or possible investors. The Commission is well experienced in assisting new ventures to apply for and take advantage of all government assistance programs. In addition, the Commission will assist in locating suitable premises for a plant and in providing introductions to the local services. Mr. Cormier can be reached at :

Mr. Roland Cormier
General Manager
Economic Expansion
Commission of the Peninsula Inc.
C.P. 940
Tracadie, New Brunswick E0C 2B0
506-395-2261

This memorandum has been prepared by Marcon Management Consultants, a Montreal-based consulting firm on contract to the New Brunswick Department of Commerce and Technology and the Economic Expansion Commission of the Peninsula Inc.

In Montreal, Mr. Ian Moodie of Marcon will be pleased to provide further information on plant location opportunities in the Peninsula and to introduce any interested party to the Economic Expansion Commission in Tracadie. Mr. Moodie can be reached at:

Marcon Management Consultants
Suite 1750, 555 Dorchester Blvd. West
Montreal, QC H2Z 1B1
514-393-1378

APPENDIX 2

DETAILED LISTING OF GARMENT MANUFACTURERS SURVEY CONTACTS

DETAILED LISTING OF SURVEY CONTACTS

Name of Company/Activity	Address	Name of Contact
Consultants and Accountants		
1. Richter Usher Vineberg Chartered Accountants	Suite 2000 2 Place Alexis Nihon 3500 de Maisonneuve west Montreal, Quebec H3Z 3C2	Mr. David Vineberg Partner
2. KOBA / Appell and Partners Chartered Accountants	250 rue Lucerne, Suite 100 Montreal, Quebec H3R 2H6	Mr. Fred Kokin President, KOBA
3. Kurt Salmon Associates Canada Inc. Consutants in apparel manufacturing	1140 de Maisonneuve west Montreal, Quebec H3A 1M8	Mr.Denys Williamson Managing Principal
4. GSA Management Consultant and business advisor	P.O. Box 4100, Westmount Station Montreal, Quebec H3Z 2X3	Mr. Gerald Segal Senior Partner
5. Apparel Manufacturers Institute of Quebec	555 rue Chabanel west Suite 801 Montreal, Quebec H2N 2H8	Mr. Israel Shames Executive Director

Name of Company/Activity	Address	Name of Contact
Apparel Manufacturers		
6. Triton Industries Inc. Manufacturer and importer of shirts and men's sportswear	8292 Cote de Liesse St. Laurent, Quebec H4T 1Y1	Mr. Jan Ickovic Vice President
7. The Algo Group Inc. Manufacturer of principally ladieswear, dresses	225 rue Chabanel Montreal, Quebec	Mr. Ed Manis Corporate Controller
8. Algo Industries Inc. Manufacturing arm of The Algo Group	225 rue Chabanel Montreal, Quebec	Mr. Haney Dimitri Director of Manufacturing
9. Katescorp Inc. Major manufacturer of principally ladies sportswear	6650 St. Urbain Montreal, Quebec H2J 3G9	Mr. Morty Lepler President
10. Irving Samuel Manufacturer of high priced ladies dresses and clothing	5425 Metropolitan est Montreal, Quebec	Mr. Barry Bly General Manager
11. Marcel Pino Furs Manufacturer of fur coats and outerwear	1435 Ste. Alexandre Suite 240 Montreal, Quebec H3A 2G4	Mr. Marcel Pinchevsky President
12. Deco-lin Manufacturer of sheets, linen	9150 Park Avenue Montreal, Quebec H2N 1Z2	Mr. Leonard Mendel President

Name of Company/Activity	Address	Name of Contact
13. Frontenac Industries Inc. Manufacturer of drapery fabrics, upholstery and other decorative materials	865 de Laurier St. Laurent, Quebec	Mr. Benton Davis President
14. Dales Canada Inc. Very large manufacturer of ladies and mens sportswear	99 Chabanel Street West Suite 201 Montreal, Quebec H2N 1C5	Mr. Hy Adelman President
15. Shasper Inc. Manufacturer of ladies dresses and sportwear	9090 Park Avenue Montreal, QC H4N 1Y8	Mr. Sam Shapiro Chairman
16. Robin International Inc. Manufacturer of childrenswear and ladies sportswear	55 rue Louvin, #300 Montreal, Quebec H2M 1A4	Mr. Norman Latsky Chairman and CEO
17. Le Chateau Stores Retailer-manufacturer of junior and ladies apparel	5695 rue Ferrier Montreal, Quebec H4P 1M1	Miss Joyce Corber
18. Dallards Retailer-manufacturer of ladieswear	333 Chabanel west Montreal, QC H2N 2G7	Miss Mary Sagh Responsible for production
19. Levi-Strauss, The Great Northern Apparel Company Manufacturer of jeans	240 Duncan Mills Road Don Mills, Ontario M3B 1Z4	Mr. Frank Dulaney Director of Operations

Name of Company/Activity	Address	Name of Contact
20. Howick Apparel Limited Manufacturer of men's and ladies jeans	1400 Antonio Barbeau Montreal, Quebec H4N 1H5	Mr. Andrew Howick President
21. Ballin Inc. Manufacturer of pants	1625 Chabanel St. West Montreal, Quebec H4N 2S8	Mr. David Ballinsky President
22. Daimor Inc. Manufacturer of men's pants	9250 rue Meilleur Montreal, Quebec H2N 2B2	
23. Majestic Industries Limited Menswear manufacturer	Suite 300 160 rue Viateur est Montreal, Quebec H2T 1B3	Mr. R. Corber President
24. Les Industries de Chemises Modernes Limitee Large manufacturer of mens and ladies' shirts and sportswear	4800 rue Jean Talon Montreal, Quebec H4P 2M7	Mr. Jacques Mongeau Director of Manufacturing
25. Continental Shirt Inc. Manufacturer of uniform shirts	Suite 400 372 Ste. Catherines St. W. Montreal, Quebec H3B 1A2	Mr. Harry Fried President

Name of Company/Activity	Address	Name of Contact
26. Texport Trading Canada Limited Manufacturer of ladies clothing and sportswear	9850 Tolhurst Suite 200 Montreal, Quebec H3L 2Z8	Mr. Andre Iskovitz President
27. Stacey Lynn Manufacturer of dresses	5600 Ferrier Montreal, Quebec H4P 1M7	Mr. Bernie Schwartz President
28. Louben Sportswear Inc. Manufacturer of ladies sportswear	5445 rue de Gaspe Suite 1102 Montreal, Quebec H2T 3B2	Mr. Schwan President
29. The Pantel Group Manufacturer of ladies dresses	2205 rue Parthenais Montreal, Quebec H2K 3T3	Mr. H. Pantel President
30. Actifusion Inc. Manufacturer of ladies sportswear	9400 Park Avenue Montreal, Quebec	Mr. Morty Dorfman President
31. Creations Portofino Inc. Contractor of sportswear	9520 Park Avenue Montreal, Quebec H2N 1Z2	Mr.Yves Desjarlais President
32. RGR Industries Inc. Contractor of sportswear	St. Georges de Beauce Quebec	M. Roland Veilleux President

APPENDIX 3

COPIES OF

CORRESPONDENCE RELATING TO GARMENT PLANT LOCATION STUDY

COPY

August 11, 1987

Mr. David Vineberg, Partner
Richter, Usher & Vineberg
2 Place Alexis Nihon
3500 de Maisonneuve west
Montreal, QC H3Z 3C2

Dear David:

Thank you for taking the time to meet with me and to discuss the industrial development work that we are undertaking for the Government of New Brunswick regarding the attracting of garment manufacturing plants to the Acadian Peninsula region of the Province.

Briefly stated, this region offers garment manufacturers the opportunity to set up sewing plants drawing upon a work force with a reputation for being reliable and hard working, not unlike the quality of worker found in the Beauce region of Quebec.

There is a good supply of labour willing to work at hourly rates of $5.00 to $5.50 per hour. Some of the workers have sewing plant experience, most have acquired suitable work skills, of a high degree of manual dexterity and accustomed to working in the fact-paced crab processing plants.

Significant cost reductions can also be found in the fringe benefits paid workers, in the costs of leased manufacturing space and in municipal tax rates. Government assistance programs are available to support initial investments in capital equipment and in employee training costs.

The purpose of my letter, therefore, is to request introductions to manufacturers who might have an interest in considering such a location. I would like to have 20 minutes of their time to make a brief presentation on plant location opportunities.

Your colleagues should contact me directly at our offices. I extend my thanks to you and your Partners for any assistance they can provide in this regard.

Yours sincerely,

Ian H. Moodie
President

COPY

August 11, 1987

Mr. Fred Kokin
President
Koba Consultants Inc.
Suite 100
750 Lucerne Rd.
Montreal, QC H3R 2H6

Dear Fred:

The purpose of my letter is to request your assistance with the industrial development work that we are undertaking for the Government of New Brunswick regarding the attracting of garment manufacturing plants to the Acadian Peninsula region of the Province.

Briefly stated, this region offers garment manufacturers the opportunity to set up sewing plants drawing upon a work force with a reputation for being reliable and hard working, not unlike the quality of worker found in the Beauce region of Quebec.

There is a good supply of labour willing to work at hourly rates of $5.00 to $5.50 per hour. Some of the workers have sewing plant experience, most have acquired suitable work skills, of a high degree of manual dexterity and accustomed to working in the fact-paced crab processing plants.

Significant cost reductions can also be found in the fringe benefits paid workers, in the costs of leased manufacturing space and in municipal tax rates. Government assistance programs are available to support initial investments in capital equipment and in employee training costs.

The purpose of my letter, therefore, is to request introductions to manufacturers who might have an interest in considering such a location. I would like to have 20 minutes of their time to make a brief presentation on plant location opportunities.

If any of your clients might have an interest in this, they can contact me directly at 393-1378. I thank you and your colleagues for your assistance with this initiative.

Yours sincerely,

Ian H. Moodie
President

COPY

August 12, 1987

Mr. Denys Williamson
Principal
Kurt Salmon Associates Canada Inc.
Suite 1030
1410 rue De Maisonneuve ouest
Montreal, Quebec
H3A 1M8

Dear Denys:

My thanks for our discussion last week and for the opportunity to present our work for the Economic Expansion Commission of the Acadian Peninsula.

As I indicated to you, we prepared a brief written presentation which we will leave with the apparel manufacturers after making the personal presentation.

I attach a copy of this material; if you would like additional copies, please let me know.

Do not hesitate to call if there are any other suitable candidates who might consider a location in the Tracadie - Alwnick area of the Peninsula.

Sending best personal regards,

Ian H. Moodie

COPY

August 20, 1987

Mr. Gerald Segal
GSA Management
C.P. 4100
Westmount Station
Montreal, Quebec
H3Z 2X3

Dear Gerald:

You may recall my referring last weekend to a project that I am doing for the Government of New Brunswick and the Industrial Commission of the Acadian Peninsula.

This work entails presenting opportunities for locating garment manufacturing plants in the Acadian Peninsula region of the Province. This initiative arose from the very severe unemployment situation that has resulted from the collapse of the crab fishery in the Peninsula over the last two years. The 4,000 person work force that has been employed in the crab processing plants has a reputation of being very hard working and reliable, not unlike the quality of employee found in the Beauce.

The principal benefit for a garment manufacturer is clearly the much lower wages paid there, at 30% below Montreal levels. Other benefits include the absence of any union or parity committee, much lower property taxes and space costs, and lower employee fringe benefits.

The attached memorandum presents additional information for a manufacturer interested in considering this location.

If you have any clients in the garment industry that might be interested in learning more about this opportunity, I would welcome meeting with them, to make a brief presentation on plant locations in the Acadian Peninsula.

Yours very truly,

Ian H. Moodie
President

COPY

August 25, 1987

Mr. Gerald Segal
GSA Management
C.P. 4100
Westmount Station
Montreal, Quebec
H3Z 2X3

Dear Gerald:

Thank you very much for your letter of August 24 and for your interest in this Acadian Peninsula plant location initiative.

I enclose 10 copies of the Information Memorandum as requested. Again, I would be pleased to make a personal presentation to any of your clients or colleagues who are interested in studying this opportunity further.

Sending best personal regards,

Ian H. Moodie
President

COPY

September 9, 1987

Mr. Andrew Howick
President
Howick Apparel Limited
1400 Antonio Barbeau
Montreal, Quebec
H4N 1H5

Dear Mr. Howick:

You will recall our recent telephone conversation in which I indicated that we were contacting selected apparel manufacturers in Montreal on behalf of the Industrial Commission of the Acadian Peninsula of New Brunswick, and the Department of Commerce and Technology of New Brunswick.

The purpose of this initiative is to make apparel manufacturers such as Howick aware of the opportunity to locate garment plants in the Acadian Peninsula. The enclosed memorandum presents the more important information on plant locations there.

Of particular note, we draw your attention to the ability to establish in New Brunswick garment manufacturing plants with a non-union workforce and the absence of any parity committee structure.

Wage rates for sewing operators would be in the range of $5.00 to $5.50 per hour, with significantly lower fringe benefit costs than in Quebec.

If you are considering an expansion or a re-organization of your manufacturing activities, the Industrial Commission would be pleased to assist in any way with locating a manufacturing plant in the region.

I thank you for your consideration of this presentation. Please do not hesitate to contact me personally if I can provide any assistance in this regard.

Yours very truly,

Ian H. Moodie
President

Enclosure

COPY

September 9, 1987

Mr. Leonard Mendel
President
Deco-Lin
9150 Park Avenue
Montreal, Quebec
H2N 1Z2

Dear Mr. Mendel:

You will recall our recent telephone conversation in which I indicated that we were contacting selected apparel manufacturers in Montreal on behalf of the Industrial Commission of the Acadian Peninsula of New Brunswick, and the Department of Commerce and Technology of New Brunswick.

The purpose of this initiative is to make apparel manufacturers such as Deco-Lin aware of the opportunity to locate garment plants in the Acadian Peninsula. The enclosed memorandum presents the more important information on plant locations there.

Of particular note, we draw your attention to the ability to establish in New Brunswick garment manufacturing plants with a non-union workforce and the absence of any parity committee structure.

Wage rates for sewing operators would be in the range of $5.00 to $5.50 per hour, with significantly lower fringe benefit costs than in Quebec.

If you are considering an expansion or a re-organization of your manufacturing activities, the Industrial Commission would be pleased to assist in any way with locating a manufacturing plant in the region.

I thank you for your consideration of this presentation. Please do not hesitate to contact me personally if I can provide any assistance in this regard.

Yours very truly,

Ian H. Moodie
President

Enclosure

COPY

September 9, 1987

Mr. Benton Davis
President
Frontenac Industries Inc.
865 de Laurier
St. Laurent, Quebec
H4N 1X3

Dear Mr. Davis:

You will recall our recent telephone conversation in which I indicated that we were contacting selected apparel manufacturers in Montreal on behalf of the Industrial Commission of the Acadian Peninsula of New Brunswick, and the Department of Commerce and Technology of New Brunswick.

The purpose of this initiative is to make apparel manufacturers such as Frontenac aware of the opportunity to locate garment plants in the Acadian Peninsula. The enclosed memorandum presents the more important information on plant locations there.

Of particular note, we draw your attention to the ability to establish in New Brunswick garment manufacturing plants with a non-union workforce and the absence of any parity committee structure.

Wage rates for sewing operators would be in the range of $5.00 to $5.50 per hour, with significantly lower fringe benefit costs than in Quebec.

If you are considering an expansion or a re-organization of your manufacturing activities, the Industrial Commission would be pleased to assist in any way with locating a manufacturing plant in the region.

I thank you for your consideration of this presentation. Please do not hesitate to contact me personally if I can provide any assistance in this regard.

Yours very truly,

Ian H. Moodie
President

Enclosure

COPY

September 9, 1987

Mr. Norman Latsky
Chairman and CEO
Robin International Inc.
55 rue Louvin, #300
Montreal, Quebec
H2M 1A4

Dear Mr. Latsky:

You will recall our recent telephone conversation in which I indicated that we were contacting selected apparel manufacturers in Montreal on behalf of the Industrial Commission of the Acadian Peninsula of New Brunswick, and the Department of Commerce and Technology of New Brunswick.

The purpose of this initiative is to make apparel manufacturers such as Robin aware of the opportunity to locate garment plants in the Acadian Peninsula. The enclosed memorandum presents the more important information on plant locations there.

Of particular note, we draw your attention to the ability to establish in New Brunswick garment manufacturing plants with a non-union workforce and the absence of any parity committee structure.

Wage rates for sewing operators would be in the range of $5.00 to $5.50 per hour, with significantly lower fringe benefit costs than in Quebec.

If you are considering an expansion or a re-organization of your manufacturing activities, the Industrial Commission would be pleased to assist in any way with locating a manufacturing plant in the region.

I thank you for your consideration of this presentation. Please do not hesitate to contact me personally if I can provide any assistance in this regard.

Yours very truly,

Ian H. Moodie
President

Enclosure

COPY

September 10, 1987

Mr. H. Pantel
The Pantel Group
2205 rue Parthenais
Montreal, Quebec
H2K 3T3

Dear Mr. Pantel:

In our recent telephone conversation, I indicated that we were contacting selected apparel manufacturers in Montreal on behalf of the Industrial Commission of the Acadian Peninsula of New Brunswick, and the Department of Commerce and Technology of New Brunswick.

The purpose of this initiative is to make apparel manufacturers such as Pantel aware of the opportunity to locate garment plants in the Acadian Peninsula. The enclosed memorandum presents the more important information on plant locations there.

Of particular note, we draw your attention to the ability to establish in New Brunswick garment manufacturing plants with a non-union workforce and the absence of any parity committee structure.

Wage rates for sewing operators would be in the range of $5.00 to $5.50 per hour, with significantly lower fringe benefit costs than in Quebec.

If you are considering an expansion or a re-organization of your manufacturing activities, the Industrial Commission would be pleased to assist in any way with locating a manufacturing plant in the region.

I thank you for your consideration of this presentation. Please do not hesitate to contact me personally if I can provide any assistance in this regard.

Yours very truly,

Ian H. Moodie
President

Enclosure

COPY

September 10, 1987

Miss Joyce Corber
Le Chateau Stores
5695 rue Ferrier
Montreal, Quebec
H4P 1M1

Dear Miss Corber:

In our recent telephone conversation, I indicated that we were contacting selected apparel manufacturers in Montreal on behalf of the Industrial Commission of the Acadian Peninsula of New Brunswick, and the Department of Commerce and Technology of New Brunswick.

The purpose of this initiative is to make apparel manufacturers such as Le Chateau aware of the opportunity to locate garment plants in the Acadian Peninsula. The enclosed memorandum presents the more important information on plant locations there.

Of particular note, we draw your attention to the ability to establish in New Brunswick garment manufacturing plants with a non-union workforce and the absence of any parity committee structure. Wage rates for sewing operators would be in the range of $5.00 to $5.50 per hour, with significantly lower fringe benefit costs than in Quebec.

We understand that Le Chateau may have an interest in identifying contractors capable of sewing to your requirements. Should we uncover a contractor interested in locating in New Brunswick, we will contact you again.

I thank you for your consideration of this presentation. Please do not hesitate to contact me personally if I can provide any assistance in this regard.

Yours very truly,

Ian H. Moodie
President

Enclosure

COPY

September 10, 1987

Mr. Israel Shames
Executive Director
Apparel Manufacturers Institute of Quebec
555 ouest, rue Chabanel
Suite 801
Montreal, Quebec
H2N 2H8

Dear Mr. Shames:

Further to our telephone conversation of this morning, I thank you for looking into the possibility of our preparing a small article on opportunities of establishing apparel manufacturing operations in the Acadian Peninsula region of New Brunswick.

As we discussed, I think it reasonable to view the setting up of these types of contractor-type plants in New Brunswick as leading to the strengthening of garment manufacturers located in Quebec. Further, when compared to the alternative of importing finished garments from the Far East, having the sewing completed in New Brunswick generates economic benefits for all Canadians.

My clients, the Industrial Commission of the Acadian Peninsula and the Department of Commerce and Development of New Brunswick would appreciate very much if the Association would consider the possibility of preparing this article for your publication.

I will contact you in the last week of the month in the regard. In the interim, my thanks for forwarding me a copy of your literature package on the A.M.I.Q.

Please accept my thanks in advance for your assistance.

Yours sincerely,

Ian H. Moodie
President

COPY

September 15, 1987

Mr. Frank Dulaney
Director of Operations
Great Northern Apparel Company,
Canadian division of Levi Strauss
240 Duncan Mills Road
Don Mills, Ontario
M3B 1Z4

Dear Mr. Dulaney:

Regarding our telephone conversation of 15 September, 1987, thank you for the opportunity to discuss garment plant locations in the Acadian Peninsula of New Brunswick.

Please find enclosed a memorandum prepared for this initiative that we are undertaking for the New Brunswick Department of Commerce and Technology. While this was intended for presentation to garment manufacturers located in Montreal, I would think that the comparison of wages, leased space costs, etc. in this area in New Brunswick with those found in Toronto would not be too dissimilar from the Montreal situation.

I am certain that a tour of the Tracadie area of the Acadian Peninsula would be most informative for you. As shown in this memorandum, a New Brunswick location offers lower wage rates and fringe benefits, lower space costs and property taxes, and most importantly, a very hard working and dependable work force.

I would like to take the opportunity to personally present these benefits to you and will look forward to seeing you on my next trip to Toronto. In the interim, I hope that you will not hesitate to contact me should you have any additional questions.

Yours very truly,

Ian H. Moodie
President

COPY

September 15, 1987

Mr. Hy Adelman
Dales Canada Inc.
99 Chabanel Street West
Suite 201
Montreal, Quebec
H2N 1C5

Dear Mr. Adelman:

In our recent telephone conversation, I indicated that we were contacting selected apparel manufacturers in Montreal on behalf of the Industrial Commission of the Acadian Peninsula of New Brunswick, and the Department of Commerce and Technology of New Brunswick.

The purpose of this initiative is to make apparel manufacturers such as Dales aware of the opportunity to locate garment plants in the Acadian Peninsula. The enclosed memorandum presents the more important information on plant locations there.

Of particular note, we draw your attention to the ability to establish in New Brunswick garment manufacturing plants with a non-union workforce and the absence of any parity committee structure. Wage rates for sewing operators would be in the range of $5.00 to $5.50 per hour, with significantly lower fringe benefit costs than in Quebec.

We understand that Dales may have an interest in identifying contractors capable of sewing to your requirements. Should we uncover a contractor interested in locating in New Brunswick, we will contact you again.

I thank you for your consideration of this presentation. Please do not hesitate to contact me personally if I can provide any information in this regard.

Yours very truly,

Ian H. Moodie
President

Enclosure

COPY

September 17, 1987

Mr. R. Corber
President
Majestic Industries Limited
Suite 300
160 est, St. Viateur
Montreal, Quebec
H2T 1B3

Dear Mr. Corber:

In our recent telephone conversation, I indicated that we were contacting selected apparel manufacturers in Montreal on behalf of the Industrial Commission of the Acadian Peninsula of New Brunswick, and the Department of Commerce and Technology of New Brunswick.

The purpose of this initiative is to make apparel manufacturers such as Majestic aware of the opportunity to locate garment plants in the Acadian Peninsula. The enclosed memorandum presents the more important information on plant locations there.

Of particular note, we draw your attention to the ability to establish in New Brunswick garment manufacturing plants with a non-union workforce and the absence of any parity committee structure.

Wage rates for sewing operators would be in the range of $5.00 to $5.50 per hour, with significantly lower fringe benefit costs than in Quebec.

If you are considering an expansion or a re-organization of your manufacturing activities, the Industrial Commission would be pleased to assist in any way with locating a manufacturing plant in the region.

I thank you for your consideration of this presentation. Please do not hesitate to contact me personally if I can provide any assistance in this regard.

Yours very truly,

Ian H. Moodie
President

Enclosure

COPY

September 17, 1987

Mr. Sam Shapiro
Chairman
Shasper Inc.
9090 Park Avenue
Montreal, Quebec
H4N 1Y8

Dear Mr. Shapiro:

In our recent telephone conversation, I indicated that we were contacting selected apparel manufacturers in Montreal on behalf of the Industrial Commission of the Acadian Peninsula of New Brunswick, and the Department of Commerce and Technology of New Brunswick.

The purpose of this initiative is to make apparel manufacturers such as Shasper aware of the opportunity to locate garment plants in the Acadian Peninsula. The enclosed memorandum presents the more important information on plant locations there.

Of particular note, we draw your attention to the ability to establish in New Brunswick garment manufacturing plants with a non-union workforce and the absence of any parity committee structure.

Wage rates for sewing operators would be in the range of $5.00 to $5.50 per hour, with significantly lower fringe benefit costs than in Quebec.

If you are considering an expansion or a re-organization of your manufacturing activities, the Industrial Commission would be pleased to assist in any way with locating a manufacturing plant in the region.

I thank you for your consideration of this presentation. Please do not hesitate to contact me personally if I can provide any assistance in this regard.

Yours very truly,

Ian H. Moodie
President

Enclosure

COPY

September 18, 1987

Mr. Jacques Mongeau
Director of Manufacturing
Les Industries de Chemises Modernes Limitee
4800 rue Jean Talon west
Montreal, Quebec
H4P 2M7

Dear Mr. Mongeau:

You will recall our meeting in 1984 when you were good enough to give my partner and I from Prado a tour of your shirt manufacturing plant at St. Honore.

When I called you today, I indicated that I was contacting selected apparel manufacturers in Montreal on behalf of the Industrial Commission of the Acadian Peninsula of New Brunswick, and the Department of Commerce and Technology of New Brunswick.

The purpose of this initiative is to make apparel manufacturers such as Modern aware of the opportunity to locate garment plants in the Acadian Peninsula. The enclosed memorandum presents the more important information on plant locations there.

Of particular note, we draw your attention to the ability to establish in New Brunswick garment manufacturing plants with a non-union workforce and the absence of any parity committee structure. Wage rates for sewing operators would be in the range of $5.00 to $5.50 per hour, with significantly lower fringe benefit costs than in Quebec.

If you are considering an expansion or a re-organization of your manufacturing activities, the Industrial Commission would be pleased to assist in any way with locating a manufacturing plant in the region.

I thank you for your consideration of this presentation. Please do not hesitate to contact me personally if I can provide any assistance in this regard.

Yours very truly,

Ian H. Moodie
President

Enclosure

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September 21, 1987

Mr. David Vineberg
Partner
Richter, Usher & Vineberg
2 Place Alexis Nihon
3500 de Maisonneuve west
Montreal, QC H3Z 3C2

Dear David:

Regarding our telephone conversation of Tuesday, September 21, if there is any follow on interest from your clients to a New Brunswick location for an apparel manufacturing plant, please do not hesitate to have them call me.

The response from the approximately 25 apparel manufacturers with whom we spoke about the Acadian Peninsula was positive and the greatest appeal was the absence of a unionized workforce and the parity committees.

When we first spoke about this project in August, I had not finished the preparation of the attached memorandum which we put together for this work. This presents the information which a manufacturer would want to have when considering a plant in the Acadian Peninsula region of the province.

Thank you again for the circulating the memo regarding this project.

Yours sincerely,

Ian H. Moodie
President

COPY

September 23, 1987

Mr. David Ballinsky
President
Ballin Inc.
1625 rue Chabanel ouest
Montreal, Quebec
H4N 2S8

Dear Mr. Ballinsky:

On behalf of the Economic Expansion Commission of the Acadian Peninsula, I thank you for the opportunity to meet you today, September 23, 1987, and to present the benefits of an apparel manufacturing plant in the Peninsula.

As we discussed, I believe that the single most important reason for considering a plant location in the Peninsula is the quality of the workforce found there. The Acadians have a reputation of being reliable and hard working.

Historically, the Acadian workers have had to rely upon the limited and normally seasonal employment opportunities offered by the natural resource-based industries. There is a very capable pool of workers to draw upon that would respond very positively to the more regular employment offered by an apparel factory such as yours.

In addition, I can assure you that there will be a very special and personal effort made by the workers and the Tracadie-Alwnick community to ensure that the first apparel plant to locate in the area is a success.

I have had one of our Chartered Accountants here do a brief calculation of comparative corporate tax rates for manufacturing businesses. The table set out on the following page shows the New Brunswick corporate rates compared to those found in Ontario and Quebec (Quebec rates are total of federal and provincial).

1987 Corporate
Tax Rates for Manufacturing Businesses#

	Quebec	Ontario	N.B.
Small and medium sized businesses	15%	20%*	15%
All others	36.5%	46.5%	46%

Certain credits could apply on some interprovincial transactions; these are not reflected here.
* There are reductions from this small business level for new businesses.

To conclude, I will call you the week of October 19, 1987 to carry on with our discussion. Before reaching your decision regarding a new plant location, I would only encourage you to visit the Tracadie - Alnwick area and to meet with some of the local industrialists. These individuals can provide a first hand perspective on the quality of the workers and their experiences operating in the Peninsula.

In the interim, please do not hesitate to contact me personally if you have any other questions.

Yours very truly,

Ian H. Moodie
President